

Madam Speaker, my heart goes out to John's family.

HONORING WINSTON STRICKLAND

The SPEAKER pro tempore. The Chair recognizes the gentleman from Georgia (Mr. GINGREY) for 1 minute.

Mr. GINGREY of Georgia. Madam Speaker, in celebration of Black History Month, I want to recognize African Americans from throughout Georgia's 11th Congressional District who have had a major impact on their community.

Today, I rise to honor Winston Strickland of Marietta, Georgia. Winston, known to most Cobb County residents as "Strick," has been a cornerstone of the business community for more than 40 years. Marietta residents have likely frequented one of Winston Strickland's establishments—including Strick's Barber Shop, Strick's Grill, as well as his successful Laundromat.

In addition to Winston Strickland's many accomplishments in the business world, he has also had a major impact on the youth of his community in helping to found the Cobb organization of Blacks United for Youth. This community organization builds positive relationships between young people and officials in the school system and in the business community through mentorship programs and the Leadership Academy. The organization has provided more than \$100,000 in college scholarships to local youth.

Last year, Blacks United for Youth honored Strickland by renaming their annual Making a Difference Award the "Winston M. Strickland 'Making a Difference' Award." Strickland has also been honored as the Citizen of the Year by the Alpha Phi Alpha and Omega Psi Phi fraternities.

Winston Strickland strives to be a man of peace who helps others, and he is a role model for the community. He is one who, through his commitment to God, family and community service, can help bridge the gap between those in need and those who are willing and able to provide assistance.

I ask that my colleagues join me in thanking Winston M. Strickland for his leadership and service to Cobb County and for his commitment to improving his community.

THE FAILURES OF TARP

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oregon (Mr. DEFazio) for 5 minutes.

Mr. DEFazio. I have concerns about the new plan by Treasury Secretary Geithner. Now, he is not explicitly asking the Congress for more TARP money. In fact, the Senate already gave him \$350 billion more of TARP money, but they are tapping the Federal Reserve, in addition to that \$350 billion, for hundreds of billions of dollars for his new plan.

As the New York Times says, "For all of its boldness, the plan largely re-

peats the Bush administration's approach of deferring to many of the same companies and executives who peddled risky loans and investments at the heart of the crisis." That's right. The people who have gotten us into this and who have enriched themselves are the people who are going to protect the taxpayers and who are going to get us out of this. I don't believe that.

Some of the most glaring deficiencies of his plan are the so-called restraints on the obscene executive compensations. They are a pale shadow of what they could be. There was one good provision in TARP that almost everybody missed. It said that, if Congress passes a law, all of the past TARP agreements—all of them—will have to be brought in compliance of that law. We could get back the money they paid out in bonuses if we pass a law to do that. I would suggest Mr. Geithner should ask, but if he will not ask, we should still pass the law and begin to make taxpayers whole.

Beyond that, instead of tapping the taxpayers and borrowing money, the other tremendous failure is to put in place a mechanism to pay for this in the names of the American taxpayers in this generation and in the two generations to come.

A modest imposition of a transfer tax—something we had from 1917, it was doubled during the Great Depression and only expired in the sixties—a transfer tax of up to one-quarter of 1 percent, something the British have on the London Exchange, would raise about \$150 billion a year.

Wall Street—those scions of "lift yourselves up by the bootstraps; we are capitalist types"—could pay for their own bailout. Now, there are a couple of things wrong with the proposal. One is it would hurt some speculators. Of course, people seem to think there is some value in speculators because some of them trade on one-tenth of 1 percent or less margin 100 or 1,000 times a day. It wouldn't hurt people whose 401(k)s have already been decimated. In fact, it would stabilize the markets, and it wouldn't put the taxpayers on the hook. It would be Wall Street on the hook. Now, I don't know what is wrong with that. I don't think Main Street America thinks there is anything wrong with that, but somehow, downtown at the Treasury, Mr. Geithner and, obviously, Wall Street think that's wrong.

So let's protect the taxpayers. Let's raise the money from Wall Street, itself, and let's put in meaningful and punitive restrictions on executive compensation, and if they want to go work somewhere else, good luck to them. Mr. Geithner said, "Oh, they'll all go work for foreign banks." Good. Maybe they'll ruin the foreign banks, too, and that will give us a competitive advantage in the future when we grow our small- and medium-sized banks that didn't gamble like these jerks on Wall Street.

THE CONTRASTING RESPONSE TO THE COLLAPSE OF THE JAPANESE AND SWEDISH FINANCIAL SYSTEMS

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. DANIEL E. LUNGREN) for 5 minutes.

Mr. DANIEL E. LUNGREN of California. Madam Speaker, in light of the announcement of the Treasury Secretary of a new version of the financial rescue package, I wish to consider a broader context, historical context, perhaps, to gain a better understanding of how we may best serve our efforts to stabilize our banking system and unlock credit for our path to economic recovery.

In a recent report by the IMF, there have been a number of financial crises in the postwar era indicated. However, two examples stand out as relevant to our own difficulties. During the past decade, Japan and Sweden suffered financial and economic trauma that involved substantial similarities to the current challenges facing us. However, it is the nature of the very distinct responses of these two nations which warrant our attention.

Charles Kindleberger, in his classic work "Manias, Panics, and Crashes," explains the situation confronting Japan in the early 1990s. The bubble in Japan reached its crescendo in 1989. Real estate prices had been skyrocketing, and the banks even developed new financial instruments like the 100-year, three-generation mortgage. In a story that sounds all too familiar, when the bubble burst, Japanese bank loans slowed, and as the availability of credit declined, distressed sales caused real estate prices to decline. By 1991, stock prices had fallen by 60 percent, and it was not until 2003 that the stock prices in Japan returned to the level that they had been 20 years earlier.

To put this into perspective, it will be remembered that seven out of 10 of the world's largest banks were Japanese at the beginning of the 1990s. Before the decade was over, these financial giants were insolvent. They remained in business only because of an understanding that the Japanese government would keep them afloat.

One of the reasons the comparison of the Japanese and Swedish financial bubbles is helpful to us is that it reflects the role of an increasingly intertwined global economy. As Kindleberger points out, the bubble in Sweden was largely affected by the offshore branches of banks headquartered in Tokyo and Osaka. The surge in the flow of loans from these banks led to the increase in real estate and stocks in Sweden. Before all was said and done, the price of real estate in Sweden was to rise even faster than it did in Japan.

In a presentation of the Kansas City Federal Reserve Bank, Sweden's former Central Bank chairman, Urban Backstrom, pointed to a number of factors which led to the Swedish bubble—

an expansionary monetary policy similar to pre-bubble Japan, a tax policy that favored borrowing, sizable current account deficits, and an explosion of Swedish debt.

Within 5 years, the rate of debt to the gross domestic product rose from 85 percent to 135 percent. This credit boom led to a resulting boom in real estate prices. The speculative bubble had been created, and the Swedish economy became vulnerable to an implosion.

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In seeking to rectify policies that had led to high inflation and high nominal interest rates, asset prices began to fall and economic activity headed south. Between the summers of 1990 and 1993, Swedish GDP dropped by 6 percent, unemployment rose to 12 percent, and the banking sector had loan losses of 12 percent of the gross domestic product. What is perhaps most instructive is for us to consider how differently these two nations responded.

The response of the Japanese government was largely predicated on the "understanding" that it would keep the banks afloat. The absence of any systematic overarching policy framework led to what could be best characterized as an ad hoc approach. And as a consequence, the Japanese financial system consisted of a large number of "zombie banks" which had the effect of undermining the confidence in the banking system. Furthermore, this unwillingness to address the reality of insolvent institutions rendered the banking system as a whole insolvent.

The response of the Swedish government to its financial collapse contains noteworthy contrast. This was explained by Swedish Central Bank Chairman Urban Backstrom. Due to the serious nature of the Swedish financial crisis, efforts were made to maintain the bank system's liquidity. Significant emphasis was given to the need for transparency and a realistic disclosure of expected loan losses. Banks applying for support had their assets valued by the Bank Support Authority using uniform criteria. In order to minimize the problem of moral hazard, the bank guarantee provided protection from losses for all creditors except shareholders. A separate authority was set up to administer the bank guarantee and to manage the bank that faced solvency problems.

The clear distinction between the Swedish model and the Japanese model was an overarching set of rules rather than a series of ad hoc responses. In contrast to their Japanese counterparts, the Swedish government quickly wrote down the value of bad assets and did not prolong the agony for the economy. Sweden, unlike the Japanese government, did not have an understanding that insolvent banks would be forever protected. We ought to look at the Swedish model.

ECONOMIC STIMULUS

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Texas (Ms. JACKSON-LEE) for 5 minutes.

Ms. JACKSON-LEE of Texas. Madam Speaker, I rise to emphasize the important responsibility that we have in this Congress, and the responsibility is now.

I am glad to have had the opportunity to listen to my good friend and colleague from California. I believe the emphasis of his remarks is that the re-ordering of our economy requires a multitask effort, particularly two direct tasks: the recapitalizing of our markets, particularly our banks, which Secretary Geithner has spoken to eloquently and forcefully this morning, and as well, spending; the economic stimulus package. I think where we need to have common agreement and bipartisanship is you can't do one without the other.

So I believe it is important that we answer the question of spending. The government is the spender of last resort, not the reckless spender, but the spender that will create jobs, create jobs in Indiana and Florida where the President is traveling, and create jobs in Texas.

Yesterday I traveled to one of our work source sites, our sites where individuals are able to get information about unemployment benefits. I was able to walk through and talk to those who have been unemployed for a year or more, and now even more recently. I listened to their descriptions and their hardships of trying to find work, listening to the construction worker who came from Florida who is well skilled, 17 years of using heavy equipment, but yet cannot find a job.

Madam Speaker, we need a stimulus package that is not nickel and diming but actually is fiscally responsible by spending the money where it needs to be spent. The mayor in the small town of Indiana where the President was yesterday said we need money spent. Republicans, Democrats, Independents, this is an American issue. We need jobs created for Americans.

So I would hope as we move to conference, we will ensure that the infrastructure mark of \$12 billion is in place because that will put people to work in my own city of Houston. It may create an opportunity for \$180 million for the Metro system, the mobility system, to begin work, and workers utilized for utility work. Remediation work is important. It will keep the money for school renovation and repair. That is important. Keep the \$10 billion for schools. We know that 598,000 jobs were lost. We now have a total of 21.6 million Americans who are unemployed or have gotten out of the system it is so bad. We need the stimulus package so 95 percent of working Americans can get tax cuts. We need it so that it creates and saves 3 to 4 million jobs, including the green energy jobs, the jobs that will allow us to green America, to produce alternative energy and be able to retrofit our buildings and save energy, the weatherization of our homes.

It will invest in renewable energy to create green jobs and promote health information technology to modernize our health system. We know how problematic it is for seniors and people with young children to go from doctor to doctor and not have those systems.

With 21.6 million Americans unemployed, we need a stimulus package that works. We also need language in the stimulus package. Do you recognize that there is no whistleblower protection for transit security offices, the TSA officers that you see that are airport screeners, they can't tell you when something wrong has happened that creates an unsafe situation, an insecure situation. We need to keep language in there that allow those individuals to be protected by whistleblower language. Why do we have people who are in security who can't tell us that the security system is failing? So I am going to argue vehemently that the language in the House bill remain to protect transit security officers at our Nation's airports so they can tell us what is wrong and what is right.

What we need most of all is to ensure that we have a stimulus package that complements the recapitalizing of our Nation's banks. We need to make sure that as the government takes some of these toxic assets, working with the private sector, we are spending money to create jobs, building highways, bridges, creating Metro systems, making sure our buildings are safe, and making sure that children can go to schools that are redone, repaired or built from the ground up.

What kind of America are we? We can put Texans back to work, and Houstonians back to work, and those from the Midwest and the East and the South. We can do it if we assure ourselves that we have the kind of effective program that is here.

What we want to do also is make work pay. We want that tax credit that provides money to the families. We want to increase the earned income tax credit and give tax relief for 60 million children through the expansion of the child tax credit. That puts money in America's hands. So today is an important day. Vote for the American people. Vote for the stimulus.

As a Representative of 18th Congressional District, I have made it a top priority to help Houstonians who have retained their jobs during this economic situation and bring jobs back to my district for those citizens who are still looking for work.

Just yesterday, I spoke to a man who lost his job in Florida and went to Houston because he heard there were jobs there. But a grim reality greeted him when he arrived. The job prospects in Houston were no better than what he faced in Florida.

In 2008, Houston's unemployment rate increased from 4.5 percent to 5.4 percent over the course of only a year. I toured an unemployment benefits office in Houston yesterday. It is understaffed and overwhelmed. On an average day, more than 100 people would visit that office. Unemployment experts expect even more job losses in Houston this year.